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July 22, 1997

William F. Caton, Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

Re: Ex Parte Presentation in CC Docket Nos. 96-
262, 94-1, 91-213, 95-72, Access Charge Reform

Dear Secretary Caton:

On Monday, July 21, 1997, representatives of Time Warner Communications Holdings Inc. ("TWComm") met with Aaron Goldschmidt, Paul Glenchur, Dave Konuch and Dana Bradford-Walton, all of whom are attorneys in the Competitive Pricing Division of the Common Carrier Bureau, as well as with Brad Wimmer, economist in the Competitive Pricing Division of the Common Carrier Bureau. Representing TWComm were Don Shephard and Thomas Jones. Attached are copies of the outline distributed at the meeting and which describes the substance of TWComm's presentation.

Two copies of this letter as well as the attached outline will be filed in each of the above-referenced dockets. Please let me know if you have any questions.

Sincerely,


Thomas Jones

cc: Aaron Goldschmidt
Paul Glenchur
Dave Konuch
Brad Wimmer
Dana Bradford-Walton

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**PRESENTATION OF TIME WARNER COMMUNICATIONS HOLDINGS INC.
ACCESS CHARGE REFORM ILEC PRICING FLEXIBILITY
CC Docket Nos. 96-262, 94-1, 91-213, 95-72**

- **THE COMMISSION'S CONSIDERATION OF ILEC PRICING FLEXIBILITY COMES AT A CRITICAL TIME FOR CLECS SUCH AS TWCOMM THAT ARE JUST ENTERING LOCAL MARKETS.**
- **GRANTING ILECS TOO MUCH PRICING FLEXIBILITY TOO SOON WILL STIFLE COMPETITION.**
- **THE COMMISSION SHOULD ERR ON THE SIDE OF RETAINING PROTECTIONS AGAINST ILEC ANTICOMPETITIVE BEHAVIOR.**
 - **True competition will benefit consumers in the long run more than short-term ILEC price reductions will.**
 - **Inefficient entry is less likely if entrants know that ILEC prices will be deregulated after a period of time.**
- **ILECS ALREADY HAVE (OR UPON A MINIMAL SHOWING MAY RECEIVE) A GREAT DEAL OF PRICING FLEXIBILITY.**
 - **Zone density pricing for special access and switched transport services.**
 - **Volume and term discounts for special access and switched transport services.**
 - **Elimination of lower pricing bands.**
 - **Diminished regulation of new service offerings.**

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- **FURTHER PRICING FLEXIBILITY SHOULD BE GRANTED ONLY AFTER THE ILEC CAN SHOW THAT ENTRY BARRIERS INTO THE LOCAL MARKET HAVE BEEN ELIMINATED.**
 - The Phase I trigger should include the Phase I preconditions suggested in the NPRM as well as the following:
 - State and local entry barriers have been removed.
 - Expanded Interconnection Docket issues should be completely resolved and a "fresh look" opportunity granted.
 - Hard data demonstrate that competitive entry is taking place.
 - The Commission should permit the following pricing flexibility in Phase I:
 - Streamlined or reduced regulation of new services (defined as non-substitutable for existing services).
 - Streamlined or reduced regulation of special access.
 - Alternative pricing plans may be proposed (period of review to exceed normal tariff timeframes).
- **PHASE II PRICING FLEXIBILITY SHOULD BE GRANTED UPON COMPLIANCE WITH THE ACTUAL COMPETITION TRIGGERS SUGGESTED IN THE NPRM.**
 - At that time, ILECS should be granted the right to (1) eliminate rate structure rules for transport and local switching, and (2) consolidate the traffic sensitive and trunking baskets.

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- **PHASE III PRICING FLEXIBILITY SHOULD BE PERMITTED ONLY AFTER THE ILEC FACES SUBSTANTIAL FACILITIES-BASED COMPETITION FOR A PARTICULAR SERVICE OR SET OF SERVICES (AS APPROPRIATE).**
- **ILEC services must operate under Phase II for at least two years without impeding competition.**
- **Conditions similar to those required for AT&T's non-dominant treatment, modified to account for differences in local market (versus long distance market).**
- **ILECS should be treated as non-dominant carriers for the service or services in question. Pursuant to non-dominant status, ILEC pricing flexibility would include:**
 - **Differential pricing for access to different classes of end users.**
 - **Volume and term discounts where cost justified for all access elements.**
 - **Contract tariff and individual RFP responses.**
 - **Geographic deaveraging for access elements.**